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State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Abdinasir M. Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

Date: February 8, 2013

Re: 12-999-01 Quarterly Compliance Filing – 2012.Q4 Avoided Cost Input Changes

RECOMMENDATION (Acknowledgement)

The Division of Public Utilities (“Division”) has reviewed the Rocky Mountain Power’s (“Company”) Quarterly Compliance filing for the fourth quarter of 2012 filed on December 28, 2012. The Division recommends that the Commission acknowledge the Company’s fourth quarter filing as in compliance with the Commission’s Order in Docket No. 03-035-14.

ISSUE

On December 28, 2012, the Company filed its Quarterly Compliance Filing – 2012.Q4. On January 10, 2013, the Commission issued an Action Request requesting the Division to review the Company’s filing for compliance and to make recommendations. The Commission also asked the Division to report back by February 8, 2013. This memorandum represents the Division’s response to the Commission’s Action Request.

DISCUSSION

Based upon Commission Order in Docket No. 03-035-14, the Company is required to provide quarterly updates of its avoided cost indicative pricing that highlights any changes to the inputs and provides generic pricing that could be used as general guidance to prospective owners of qualifying facilities (QFs) regarding the prices that the Company would be currently offering them for new contracts.

In compliance with this Commission Order, the Company filed with the Commission its Quarterly Compliancy for 2012.Q4 on December 2012. The Division reviewed and checked the accuracy and reasonableness of the calculations in the Company's filing. The Division noted that the Company has made updates to the inputs to its model¹. These updates included using Company's most recent load forecast (July load forecast), Official Forward Price Curve (September 2012), Average Coal Cost Study (July 24, 2012), incorporation of the Needs Assessment, and other modeling updates. Certain prospective projects that were previously included in the queue have been deleted. The Division believes that these updates are reasonable.

Based upon its review, the Division believes that the updates to the inputs of the avoided cost calculation are reasonable and the avoided cost prices are calculated according to the Commission approved methodology. Therefore, the Division recommends that the Commission acknowledge the Company's Quarterly Compliance Filing.

CC: Dave Taylor, RMP
Michele Beck, OCS

¹ The Division notes that the Company is using the information in its current resource need assessment and not the information in the 2011 IRP. This resulted in deferral of resource addition from 2016 to 2025, which in turn will affect the indicative prices. However, since the Commission Order in Docket No. 03-035-14 required the Company to provide updates of its avoided cost indicative pricing that highlights the changes to the inputs, the Division believes that the Company complied with the Commission Order.